

Message Text

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PAGE 01 STATE 236483

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ORIGIN EUR-04

INFO OCT-01 ISO-00 /005 R

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APPROVED BY: EUR/RPE:AALBRECHT

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FM SECSTATE WASHDC

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FOLLOWING EC BRUSSELS 6923 ACTION SECSTATE INFO BONN
BRUSSELS COPENHAGEN DUBLIN THE HAGUE LONDON LUXEMBOURG
PARIS ROME GENEVA OECD PARIS NOV 29TH.

QUOTE

LIMITED OFFICIAL USE EC BRUSSELS 6923

E.O. 11652: GDS

TAGS: ETRD, EEC

SUBJECT: EC/EFTA RULES OF ORIGIN

REF: STATE 233291

1. SUMMARY. WE ASKED HIJZEN OFFICIALLY WHETHER THE
COMMUNITY COULD ACCEPT A GATT WORKING PARTY ON RULES OF
ORIGIN. WE TOLD HIM THAT UNLESS IT COULD DO SO WE HAD
NO ALTERNATIVE BUT TO PURSUE THIS SUBJECT DURING THE
WORKING PARTY ON THE NORWAY/EC AGREEMENT. HIJZEN WAS
UNABLE TO GIVE US AN IMMEDIATE, DEFINITIVE ANSWER BUT
HE HELD OUT ALMOST NO HOPE THAT THE COMMUNITY COULD
AGREE TO A SEPARATE GATT STUDY OF RULES OF ORIGIN ALONG THE
LINES WE DESIRE. END SUMMARY.

3. ON NOVEMBER 29, PURSUANT TO THE REFTL, THE MISSION
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PAGE 02 STATE 236483

DISCUSSED AGAIN WITH HIJZEN THE EC COMMISSION'S DEPUTY

DIRECTOR GENERAL IN EXTERNAL RELATIONS, OUR REQUEST THAT THE EC AGREE TO THE FORMATION OF A SEPARATE GATT WORKING PARTY ON RULES OF ORIGIN. WE TOLD HIJZEN THAT WE WERE ACTING FORMALLY UNDER INSTRUCTIONS. WE SAID THAT UNLESS THE EC CAN AGREE TO OUR REQUEST, THE US WOULD HAVE TO INSIST ON EXTENSIVE WORK ON RULES OF ORIGIN IN THE WORKING PARTY ON THE EC/NORWAY AGREEMENT BEGINNING ON DECEMBER 4 -- HENCE, THE URGENCY OF THE MATTER. WE EXPLAINED THAT WE HAD PUT FORWARD THE SUGGESTION FOR A SEPARATE RULES OF ORIGIN WORKING PARTY IN AN EFFORT TO FIND AN ACCEPTABLE BASIS FOR GATT CONSIDERATION OF AN ISSUE OF GREAT CONCERN TO US.

3. HIJZEN COUNSELED US NOT TO MAKE SUCH A FORMAL ISSUE OF THIS MATTER. HE SAID THAT THE EC ON ITS OWN WAS TRYING TO MAKE IMPROVEMENTS IN THE RULES OF ORIGIN AND WILL CONTINUE TO DO SO, BUT IF THE US INSISTS ON POLITICIZING THIS SUBJECT, THE MEMBER STATES WILL BE MUCH LESS LIKELY TO GO ALONG WITH CHANGES.

4. HIJZEN EXPRESSED THE VIEW THAT THERE IS NOTHING TO BE GAINED BY REHASHING PAST DISCUSSIONS BETWEEN THE US AND THE COMMISSION ON THIS MATTER. AT FIRST, SOME IN THE COMMISSION HAD BEEN INCLINED TO GO ALONG WITH A PURELY FACTUAL GATT STUDY OF THE HISTORY AND CURRENT PRACTICES ON RULES OF ORIGIN TO HELP WITH WHAT THEY UNDERSTOOD WAS AN INTERNAL US POLITICAL PROBLEM. HOWEVER, THE COMMISSION NOW BELIEVES THAT THE US HAS A DEEPER PURPOSE AND IS INTERESTED IN EVENTUALLY REINTERPRETING AND TIGHTENING THE PROVISIONS OF GATT ARTICLE XXIV AS THEY RELATE TO RULES OF ORIGIN -- THEREBY GETTING AT THE EC/EFTA RULES OF ORIGIN IN A FUNDAMENTAL WAY. THE COMMUNITY'S VIEW IS THAT ANY TIGHTENING OF GATT PROVISIONS SHOULD BE CONSIDERED IN THE MULTILATERAL TRADE NEGOTIATIONS; THAT THE EC/EFTA RULES OF ORIGIN ARE NOT CONTRARY TO GATT; AND THAT CHANGES IN THEM WILL HAVE TO OCCUR ON A PRACTICAL, PRAGMATIC BASIS.

5. HIJZEN CONTINUED THAT THE COMMISSION IS NOW MOST DOUBTFUL ABOUT ANY SORT OF WORKING PARTY ON RULES OF LIMITED OFFICIAL USE

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PAGE 03 STATE 236483

ORIGIN. THE MAXIMUM CONCEIVABLE WOULD PROBABLY BE AN AGREEMENT TO ALLOW THE GATT SECRETARIAT TO COMPILE A "NEUTRAL" LEAF-LIST OF RULES OF ORIGIN HAVE BEEN ADMINISTERED BY GATT CONTRACTING PARTIES. HOWEVER, HE COULD GIVE NO ASSURANCE THAT THE COMMUNITY WOULD AGREE EVEN TO THAT. IF THE US CONSIDERED THAT IT SHOULD PRESS ITS VIEWS IN CONNECTION WITH THE EC/NORWAY AGREEMENT THE US HAD A RIGHT TO DO SO, BUT THIS WOULD

PROBABLY NOT PROVE PROFITABLE IN TERMS OF GETTING
CHANGES IN THE RULES OF ORIGIN.

6. WE REPLIED THAT WE OBVIOUSLY SAW THE LEGAL AND
SUBSTANTIVE ISSUES IN A DIFFERENT LIGHT THAN HIJZEN,
BUT THAT OUR PUROPSE WAS NOT TO DEBATE THOSE ON THE SPOT.
RATHER, WE WERE TRYING TO FIND SOME MUTUALLY-SATISFACTORY
WAY AROUND THE IMPASSE THAT HAD DEVELOPED OVER THE GATT
HANDLING OF THE RULES OF ORIGIN ISSUE AND TO MAKE OUR
VIEWS ABSOLUTELY CLEAR TO THE COMMISSION. WE SAID THAT,
IF THE COMMISSION HAD ANY FURTHER THOUGHTS, WE WOULD BE
PROPOSED TO PUT THEM BACK TO WASHINGTON IF WE COULD HAVE
THEM QUICKLY.

7. HIJZEN CONCLUDED THE DISCUSSION BY SAYING THAT (A)
HE DID NOT WANT TO MISLEAD US BY HOLDING OUT HOPE THAT
THE COMMUNITY WOULD ACCEPT A GATT WORKING PARTY ON RULES
OF ORIGIN; BUT (B) SINCE THIS HAS BECOME A POLITICAL
ISSUE IN US-EC RELATIONS, HE WOULD HAVE TO SEEK
GUIDANCE FROM HIS SUPERIORS AS TO JUST WHAT POSITION
THE COMMUNITY SHOULD TAKE IN GATT ON THIS SUBJECT.
IF HE HAD ANYTHING FURTHER TO GIVE US BILATERALLY BEFORE
DECEMBER 4, HE WOULD DO SO BUT HE DID NOT KNOW WHETHER
THIS WOULD BE POSSIBLE.

8. COMMENT: WE WILL REPORT IMMEDIATELY SHOULD THERE
BE ANY FURTHER WORD FROM THE COMMISSION BEFORE DECEMBER 4,
BUT OUR VIEW IN LIGHT OF HIJZEN'S REACTIONS IS THAT
WASHINGTON SHOULD NOT COUNT ON ANY CHANGE IN THE
COMMUNITY POSITION AND SHOULD PHAN ON PROCEEDING ALONG
LINES INDICATED IN PARA ONE B OF THE REFTTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, TRADE CONTROLS, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE236483
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/RPE:RCMEIMA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731248/aaaabjnf.tel
Line Count: 146
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 233291
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Sep-2001 by martinml>; APPROVED <24-Sep-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC/EFTA RULES OF ORIGIN
TAGS: ETRD, EEC, EFTA, GATT
To: OSLO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005